UNITED
NATIONS

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Security Council

Distr.
GENERAL

S/1994/907
30 July 1994

ORIGINAL: ENGLISH

LETTER DATED 11 JULY 1994 FROM THE SECRETARY-GENERAL
TO THE PRESIDENT OF THE SECURITY COUNCIL

I have the honour to refer to the letter dated 11 May 1994 which the then President of the Security Council addressed to me concerning the financial emergency of the United Nations Compensation Commission (S/1994/567).

Having considered the matter further, I have come to the conclusion that the most effective way of obtaining the information required about exports of Iraqi petroleum and petroleum products immediately before the imposition of sanctions by the Security Council on 6 August 1990 will be to address the Governments with jurisdiction over the relevant petroleum companies and their subsidiaries.

I accordingly enclose, for the information of the Security Council, the text of a letter which, with minor variations, I have sent to the Governments of the following Member States: Belgium, Brazil, Canada, Croatia, Federal Republic of Yugoslavia (Serbia and Montenegro), France, Germany, Greece, India, Italy, Japan, Netherlands, Portugal, Russian Federation, Singapore, Spain, Thailand, Turkey, United Kingdom, United States.

(Signed) Boutros BOUTROS-GHALI

Annex

Letter dated 11 July 1994 by the Secretary-General

I should like to refer to Security Council resolution 778 (1992) which, as you will recall, was adopted because of the Government of Iraq's continued refusal to accept resolutions 706 (1991) and 712 (1991). By the latter resolutions the Council permitted the export by Iraq of a limited amount of petroleum which was to be used to finance the purchase of humanitarian goods for the Iraqi civilian population and to meet some of the financial obligations of Iraq arising from its illegal invasion and occupation of Kuwait. Included in those obligations was the payment of claims for any direct loss, damage or injury to foreign Governments, nationals and corporations sustained as a result of Iraq's aggression.

In its resolution 778 (1992) the Council decided that all States in which there were funds of the Government of Iraq, or its State bodies, corporations or agencies, that represented the proceeds of sale of Iraqi petroleum or petroleum products, paid for by or on behalf of the purchaser on or after 6 August 1990 (the date of the imposition of sanctions), should cause the transfer of those funds as soon as possible into an escrow account provided for in resolutions 706 (1991) and 712 (1991).

On 26 October 1992, as requested by resolution 778 (1992), I asked Governments to provide all relevant information that would assist in identifying assets relating to Iraqi petroleum or petroleum products [note verbale SCPC/1/92(12)]. As of this date, I have received information about approximately $1 billion in Iraqi assets subject to the provisions of resolution 778 (1992). However, less than $160 million representing Iraqi frozen oil assets or proceeds from the sale of oil have been deposited to the aforementioned escrow account.

I should also like to refer to my letter of 28 April 1994 (S/1994/566) to the President of the Security Council in which I drew the Council's attention to my concern over the emergency which the United Nations Compensation Commission is facing as a result of its lack of sufficient funds to pay awards to some of the victims of Iraq's invasion of Kuwait which are expected to be issued in October 1994. Those awards will amount to approximately $200 million. Thirty per cent of oil-related funds deposited to the escrow account referred to in resolution 778 (1992) was to be designated for the Compensation Fund.

In my letter to the Security Council I also noted that it was likely that the amount of $1 billion referred to above did not include all Iraqi petroleum and petroleum products exported immediately preceding the imposition of sanctions by the Security Council and for which payment would not have been completed when the sanctions took effect on 6 August 1990. According to oil industry sources, the value of such petroleum and petroleum products may amount to hundreds of millions of dollars. These funds fall under the provisions of resolution 778 (1992) relating to the reporting of petroleum assets subject to transfer to the escrow account. On 11 May 1994, the Security Council agreed to

my offer to seek information directly from oil companies in order to identify those funds and to arrange for their transfer to the escrow account.

As your country was one of the principal importers of Iraqi crude petroleum in 1990 (according to the Energy Statistics Yearbook), I should be grateful if you would kindly seek all relevant information from petroleum companies and their subsidiaries under your jurisdiction regarding the whereabouts and amounts of any Iraqi petroleum and petroleum products imported by those companies on or after 1 June 1990. Such information should include the description and quantity of the petroleum and petroleum products as well as their respective values on an FOB and CIF basis. Complete information should also be provided on the disposition of the proceeds of the sale of such petroleum or petroleum products.

I would be most grateful if the requested information could be communicated to me by 30 August 1994.

Boutros BOUTROS-GHALI